



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

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TO: SACHI A. HAMAI
Executive Officer
Board of Supervisors

Attention: Agenda Preparation

FROM: PATRICK A. WU 
Senior Assistant County Counsel

RE: **Item for the Board of Supervisors' Agenda**
County Claims Board Recommendation
County of Los Angeles v. PDQ Personnel Services Inc., et al.
Los Angeles Superior Court Case No. BC 485 655

Attached is the Agenda entry for the Los Angeles County Claims Board's recommendation regarding the above-referenced matter. Also attached are the Case Summary, the Summary Corrective Action Plan, and the Corrective Action Plan to be made available to the public.

It is requested that this recommendation, the Case Summary, the Summary Corrective Action Plan, and the Corrective Action Plan be placed on the Board of Supervisors' agenda.

PAW:rfm

Attachments

Board Agenda

MISCELLANEOUS COMMUNICATIONS

Los Angeles County Claims Board's recommendation: Authorize settlement of the matter entitled County of Los Angeles v. PDQ Personnel Services Inc., et al., Los Angeles Superior Court Case No. BC 485 655, whereby the County will accept payment in the amount of \$500,000.

This lawsuit contends PDQ and its successor in interest is contractually obligated to indemnify the County with respect to certain workers' compensation claims.

CASE SUMMARY

INFORMATION ON PROPOSED SETTLEMENT OF LITIGATION

| | |
|-----------------------------|---|
| CASE NAME | County of Los Angeles vs. PDQ Personnel Services, Inc., et al. |
| CASE NUMBER | BC485655 |
| COURT | Los Angeles Superior Court |
| DATE FILED | May 30, 2012 |
| COUNTY DEPARTMENT | Chief Executive Office |
| PROPOSED SETTLEMENT AMOUNT | \$ 500,000 (payable to the County) |
| ATTORNEY FOR PLAINTIFF | Marc Wodin |
| COUNTY COUNSEL ATTORNEY | Ralph Rosato |
| NATURE OF CASE | <p>County contends PDQ and its successor in interest is contractually obligated to indemnify it from CIGA workers' compensation claims.</p> <p>Due to the risk and uncertainties of litigation, a reasonable settlement at this time will avoid further litigation. Therefore, a full and final settlement of the case in the amount of \$500,000 is recommended.</p> |
| PAID ATTORNEY FEES, TO DATE | \$ N/A |
| PAID COSTS, TO DATE | \$ \$25,000 |

Case Name: County of Los Angeles v. PDQ Personnel Services, Inc., et al



Summary Corrective Action Plan

The intent of this form is to assist departments in writing a corrective action plan summary for attachment to the settlement documents developed for the Board of Supervisors and/or the County of Los Angeles Claims Board. The summary should be a specific overview of the claims/lawsuits' identified root causes and corrective actions (status, time frame, and responsible party). This summary does not replace the Corrective Action Plan form. If there is a question related to confidentiality, please consult County Counsel.

| | |
|--|---|
| Date of incident/event: | 2004 PDQ's workers' compensation carrier goes bankrupt. PDQ goes bankrupt. |
| Briefly provide a description of the incident/event: | Defendant PDQ'S workers' compensation insurance carrier goes bankrupt. Later PDQ goes bankrupt. |

1. Briefly describe the root cause(s) of the claim/lawsuit:

Unanticipated and uncontrollable bankruptcies of vendor's workers' compensation carrier and vendor.


2. Briefly describe recommended corrective actions:
(Include each corrective action, due date, responsible party, and any disciplinary actions if appropriate)

Not applicable.

3. Are the corrective actions addressing department-wide system issues?

- ☐ Yes – The corrective actions address department-wide system issues.
- ☐ No – The corrective actions are only applicable to the affected parties.

| | |
|-------------------------------------|-------|
| Name: (Risk Management Coordinator) | |
| Signature: | Date: |

| | |
|---|-------------------|
| Name: (Department Head) Steven T. Robles | |
| Signature:  | Date: 10/24/13 |

| | |
|--|-------|
| Chief Executive Office Risk Management Inspector General USE ONLY | |
| Are the corrective actions applicable to other departments within the County? | |
| <input type="checkbox"/> Yes, the corrective actions potentially have County-wide applicability. | |
| <input type="checkbox"/> No, the corrective actions are applicable only to this department. | |
| Name: (Risk Management Inspector General) | |
| Signature: | Date: |

Case Name: County of Los Angeles v. PDQ Personnel Services, Inc, et al.



Corrective Action Plan

1. General Information

| | |
|--------------------------------------|--|
| Department: | CEO |
| Date CAP document prepared: | |
| Name of departmental contact person: | Steve Robles |
| • Title: | Assistant Chief Executive Officer – Risk Manager |
| • Phone number: | 213-351-5346 |
| • E-mail Address: | |

2. Incident/Event Specific Information

| | |
|--|---|
| Date of incident/event: | 2004 Bankruptcy of Vendor's Workers' Compensation Carrier |
| Location of incident/event: | N/A, contract issue |
| Event contact person: | N/A, contract issue |
| • Phone Number: | N/A, contract issue |
| • E-mail Address: | N/A, contract issue |
| Claim adjuster: (Third Party Administrator or County Counsel) | N/A, contract issue |
| • Phone number: | N/A, contract issue |
| If claim is in litigation, please complete the following: | |
| County Counsel Attorney: | Ralph Rosato |
| • Phone number: | 213-974-6845 |

3. Incident/Event Description:

| | |
|--|--|
| Nature of incident/event: | Legal and contractual obligations not met by a contractor or their Workers' Compensation Insurance carrier. |
| Provide a brief description of the incident/event: | PDQ and County had contracts for temporary personnel services. PDQ was required to maintain workers' compensation insurance and indemnify the County against workers' compensation claims arising from the contracts. PDQ's workers' compensation insurance carrier becomes insolvent; the California Insurance Guarantee Association ("CIGA") steps in to administer the claims; and CIGA claims the County is responsible for workers' compensation benefits to PDQ's employees. Later, PDQ files for bankruptcy. County asserts PDQ's successor is responsible for liability under PDQ's contracts. |

- ☐ Included a copy of the supervisor's first report of incident (or related accident, event or incident investigation documentation). N/A

4. Corrective Action Plan Problem Statement

Provide a written narrative of the incident/event problem statement:

N/A. Unanticipated and uncontrollable bankruptcies of vendor's workers' compensation carrier and vendor.

5. Root Cause Analysis

| | |
|--|-----|
| Root Cause Analysis tool used: | N/A |
| Root Cause Analysis source material(s) used: | N/A |

- ☐ Included a copy of the Root Cause Analysis tool utilized (or related Root Cause analysis documentation).

6. Corrective Action Plan Steps

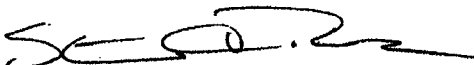
For each Corrective Action Plan step, please reference, by letter, the Root Cause(s) this Corrective Action Plan step is addressing.

| | |
|--|-----|
| Associated Root Cause reference letter(s): | N/A |
| Task number: | |
| Task name: | |
| Scheduled start date: | |
| Scheduled completion date: | |
| Responsible person: | |

| | |
|-------------------|--|
| Task description: | |
|-------------------|--|

7. Review and Authorization

The department has reviewed the incident/event investigation, root cause analysis documentation, Corrective Action Plan, and has taken all appropriate corrective actions required.

| Review and authorization steps | Signature | Date |
|--|--|----------|
| Document reviewed by Department Risk Management Coordinator: | | |
| Document reviewed by Department head or designee. |  | 10/24/13 |